

Last update: December 22, 2021

**FUJI CORPORATION**

Chairman &amp; CEO: Nobuyuki Soga

Contact: Junichi Kano, CFO

Securities code: 6134

<https://www.fuji.co.jp/en>

The corporate governance of Fuji Corporation (hereafter "Fuji") is described below.

## 1. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

Fuji and its subsidiaries (hereafter the "Fuji Group") view working to create higher corporate value for shareholders, customers, business partners, and employees to be most important. Accordingly, Fuji Group is working to establish and enhance fair and transparent management systems, an organizational structure that can respond to changes in the management environment promptly and accurately, and to strengthen its risk management and compliance system.

- (1) We facilitate developing an environment that secures the rights and equal treatment of shareholders
- (2) We have committed ourselves to appropriate cooperation with stakeholders other than shareholders
- (3) We endeavor to ensure appropriate information disclosure and transparency
- (4) We ensure appropriate implementation to meet the responsibilities of the board
- (5) We ensure constructive dialogue with shareholders

### Reasons for Non-compliance with the Principles of the Corporate Governance Code Update

#### Supplementary principle 3.1.3 Initiatives on sustainability

Fuji's initiatives on sustainability are disclosed on its website (<https://www.fuji.co.jp/en/sustainability/>).

#### Investments in Human Capital

We believe that our staff are the driving force behind our growth as a company, and we will provide opportunities to our staff so that they may reach their true potential. In particular, we see developing leaders, engineers, and global talent as most important in developing human capital for the growth of our businesses. We have engaged in a variety of learning and development programs including but not limited to development programs for managers and leader-class employees, engineering training (Sokaijyuku) for graduate-hire engineers, upskilling programs for junior and mid-level engineers, and overseas study programs and online English training. While continuing to expand the content of these programs, we will focus on fostering development of digital transformation talent that we see essential for sustainable business development in the future as well as supporting career development of individual employees.

#### Investments in Intellectual Property

Fuji implements intellectual property activities that stand on three pillars: business strategy, technology strategy, and intellectual property strategy, and actively applies for patents both in Japan and overseas.

This led to registration of more than 1,000 patents for fiscal 2021. Going forward, we will work to build a higher quality patent portfolio, reduce intellectual property risks associated with counterfeits, and continue to implement intellectual property strategies that will strengthen our competitiveness.

#### Disclosure Based on the TCFD Recommendations

As part of mid-term environmental goals, Fuji has set a target to achieve 46% reduction of CO<sub>2</sub> emissions by the end of fiscal 2031, compared to fiscal 2014. We are collecting and analyzing the necessary data on the impact of climate change-related risks and earning opportunities in our business activities and profits in preparation for disclosing information based on the TCFD recommendations by June 2022.

### Disclosure Based on the Principles of the Corporate Governance Code Update

#### Principle 1.4 Cross-Shareholdings

##### 1. Policies for cross-shareholdings

Fuji holds shares of other companies for seeking to establish and strengthen business relationships that contribute towards the expansion and development of business as well as stability and efficiency. It is our policy to make a comprehensive judgment on whether the holding of individual stocks is rational and appropriate while assessing the level of the Fuji's cost in terms of capital and the level of ROE of the target companies from the perspective of capital efficiency. Every year, the board examines and confirms the appropriateness of holding such stocks from companies, including their relationship with Fuji's business and their contribution to the future direction of Fuji's business.

##### 2. Basic views on exercise of voting rights

In exercising the voting rights as to cross-shareholdings, Fuji does not make decisions in accordance with uniform standards. Rather, Fuji assesses whether its decisions on the agenda would deteriorate the delivery of potential values to shareholders. Taking into account the business conditions of the issuer companies and other matters in the circumstances, Fuji makes approval or disapproval decisions and exercises the vote rights.

#### Principle 1.7 Related Party Transactions

With respect to engagement in related party transactions, the board of Fuji shall proceed with appropriate procedures in proportional to the content and characteristics of the transaction and disclose the information in securities reports among other relevant documents.

Also, the existence of related parties and the presence of transactions between Fuji and its related parties, as well as the content and other details of the transactions are reported to the board prior to the information disclosure, and the board assess the transactions in accordance with the criteria for the importance of transactions addressed in "Guidance on Accounting Standard for Related Party Disclosures".

## Principle 2.4 Ensuring Diversity, Including Active Participation of Women

### Supplementary principle 2.4.1 Ensuring diversity when appointing core human resources

We aim to become an organization where diverse talents with various perspectives and ideas can fully show their individuality and abilities and play an active role. We are convinced that valuing the new ideas generated by employees with diverse values and respecting the individuality of each employee will lead to further innovation. That's why we are working to create workplaces and corporate culture in which a diverse range of talents can play an active role independent of gender, age, nationality, disability, background, and perspectives.

To date, we have been proactive in recruiting female engineers, mid-career hires, and foreign-born talent in line with this basic policy. In order to promote a work environment that empowers diverse talent, we have set a target for the number of female managers, and our project towards women empowerment is underway, focusing on programs for ensuring equal opportunities, gender inclusive recruitment, and transformative career paths. Our focus is also on creating a workplace to empower mid-career hires so that they can demonstrate their skills at full capacity. A certain number of mid-career hires have developed their careers and have been placed at management positions. We will continue our efforts to engage ourselves in recruitment and allocation of diverse talent; individuals who can shoulder our medium- to long-term management strategies, regardless of gender and national origin.

As of the end of March 2021, female managers account for 2.2% of total management staff at Fuji, while managers who are foreign-born and mid-career hires account for 0.5% and 25.1%, respectively. Toward ensuring diverse talent for our core human resources, core human capital candidates who have qualified skills and experiences are offered management training as part of our rank-based training programs, building workplaces in which diverse talent may demonstrate their abilities at full capacity. We have set a target of increasing female managers to 4.3%, and also increasing foreign-born and mid-career hire managers to more than the current numbers by 2025, committing ourselves to recruitment and development efforts for diverse talent as well as improvements within the workplace. Further information on diversity is available at our website (<https://www.fuji.co.jp/en/sustainability/diversity>).

## Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

Fuji has established an asset management committee, which consists of members with expertise in asset management, under the supervision of the CFO as the pension fund manager. In order to maintain sound pension plans and achieve the target of necessary pension returns, the committee has established basic policies for managing contributions, as well as establishing and reviewing the operation guidelines and policy asset mix. The committee discusses and makes decisions on the selection of financial intermediaries and instruments, taking into account the knowledge of external advisors, and also monitors the finances on a regular basis.

## Principle 3.1 Full Disclosure

### 1. Business principles, business strategies, and business plans

Fuji has set forth and disclosed the basic management philosophy as follows. These are also available in the securities reports, and on Fuji's website (<https://www.fuji.co.jp/en/sustainability/philosophy>).

- (1). All operations are undertaken in compliance with the applicable laws, social norms, Articles of Incorporation, and office regulations.
- (2). By continuously developing technology and improving quality, we provide products and services that contribute to the creation of a more convenient and comfortable society.
- (3). We have created a friendly work environment that respects individuals and fosters strong teamwork.
- (4). We seek to develop new business fields for the future through global and innovative management.
- (5). We carry out environmentally-conscious corporate activities, recognizing that the protection of the Earth's environment is an issue for all of humanity.
- (6). We stand for the eradication of child employment and forced labor, respect and embrace diversity, and do not tolerate discrimination of any kind.

Also, as an embodiment of the business strategies and business plans, Fuji has disclosed the mid-term business plan (for three years) from fiscal 2022 on the website (<https://www.fuji.co.jp/en/ir/mtp/>).

### 2. Basic views on corporate governance

Details are provided "1. Basic Views" in the beginning of this report.

### 3. Remuneration of the senior management and directors

The relevant information is stated under [Director Remuneration] in [1. Organizational Composition and Operation] from [II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management] in this report.

### 4. Appointment/removal of the senior management and the nomination of directors and auditor candidates

In order to separate the decision making process for the management and the execution function for businesses, thereby enhancing the speed for the management and to clarify responsibilities, Fuji introduced the executive officer system which in addition to delegating authorities to executive officers, makes them responsible for execution of business operations.

On the selection of executive officers, the executive officers are determined upon approval by the board after the nomination and compensation advisory committee deliberates and reports to the board.

Explanations with respect to the appointment and nomination of board candidates and auditor candidates for Fuji are provided with each individual's biography in the notice for the general shareholders meeting. Additionally, the reason for appointment of each individual is also written for outside director candidates and outside auditor candidates.

In addition, the term of office for directors is set at one year in the Articles of Incorporation in order to emphasize the management responsibility of directors and to consult with shareholders annually on their confidence as directors. The Articles of Incorporation set forth that the number of directors shall not exceed ten (10) in order to ensure prompt and efficient operation of the Board of Directors.

#### (1) Appointment of the senior management and director candidates

In the appointment and removal of the senior management and the nomination of director candidates, Fuji comprehensively considers the right persons to be in the right positions, taking into account the balance between sound and prompt decision-making, appropriate risk management, monitoring of business execution, and the ability to cover all company functions and business divisions.

#### (2) Appointment of auditor candidates

In nominating auditor candidates, Fuji comprehensively considers the right persons for the right positions, while ensuring a balance of knowledge of finance and accounting, knowledge of our business fields, and diverse perspectives on corporate management.

#### (3) Report by the advisory committee

The nomination and compensation advisory committee was established in April 2021 as an advisory body for the board in order to enhance the fairness, transparency, and objectivity of procedures related to the nomination and remuneration of directors and auditors, and to enhance Fuji's corporate governance. The committee deliberates and reports on the nomination and remuneration of directors, executive officers, and auditors.

## Principle 4.1 Roles and Responsibilities of the Board (1)

#### Supplementary Principle 4.1.1 The scope and content of the matters delegated to the management

The board of Fuji makes decisions on business execution and other matters such as basic management policies, which are considered to be matters of exclusive decision-making by the board under laws and regulations. In order to separate the decision making process for the management and the execution function for businesses, thereby enhancing the speed for the management and to clarify responsibilities, Fuji introduced the executive officer system which in addition to delegating authorities to executive officers, makes them responsible for execution of business operations. They report on the execution of business and determine policies in regular and extraordinary general meetings.

#### Principle 4.9 Independence Standards for Independent Directors

In appointment of independent outside director candidates, Fuji places importance on their high level of expertise and extensive experience in providing frank and constructive advice as well as oversight over the Fuji's management, in addition to the independence criteria set by the Companies Act, the Tokyo Stock Exchange, and Fuji.

#### Principle 4.10 Use of Optional Approach

##### Supplementary Principles

##### 4.10.1 Establishing an independent nomination committee and remuneration committee

The nomination and compensation advisory committee was established in order to enhance the fairness, transparency, and objectivity of procedures related to the nomination and remuneration of directors, executive officers, and auditors, and to enhance Fuji's corporate governance. The committee consists of at least three directors of whom the majority are independent outside directors to ensure independence.

It deliberates on the following matters and reports to the board.

- (1). Policies on the composition of the board
- (2). Matters concerning the appointment and removal of directors, executive officers, and auditors
- (3). Standards of appointing independent outside directors (independence standards, period of service, qualification, and other conditions)
- (4). Matters concerning the selection and removal of representative directors
- (5). Matters concerning the selection and removal of senior directors
- (6). Remuneration system for directors, executive officers, and auditors, policies for determining remuneration and details of remuneration on individual bases
- (7). Matters concerning the establishment and operation of succession plans
- (8). Other matters deemed necessary by the board

#### Principle 4.11 Preconditions for Board and Auditor Board Effectiveness

##### Supplementary Principle 4.11.1 Balance between knowledge, experience, and skills of the board, as well as diversity and appropriate size of the board

In order to seek for sustainable growth and the increase of corporate value over the mid- to long-term, the board of Fuji strives to ensure that decisions are made accurately, promptly, and fairly. In order to achieve this, the board of Fuji has appointed a number of persons with a high level of expertise both within and outside the industry as outside directors. It strives to ensure the appropriate balance on diversity and between knowledge, experience, and skills of the board as a whole. Our articles of incorporation sets the number of directors to be up to ten persons to ensure that decisions are made in a prompt and efficient manner.

Fuji has disclosed the skills matrix of the directors on the website (<https://www.fuji.co.jp/en/sustainability/governance>).

##### Supplementary principle 4.11.2 Directors and auditors also serving as different positions

Fuji confirms whether boards and auditors serve at other companies every April and disclose the information in securities reports.

##### Supplementary principle 4.11.3 Analysis and evaluation on effectiveness of the board

Regarding the evaluation of the effectiveness of the board, a survey for evaluating effectiveness of the board was conducted in April 2021 for all directors and auditors. The questions in the survey are reviewed annually and cover matters related to sustainability and digital transformation (DX) among others. The analysis and evaluation from the surveys revealed that the composition and functions of the board, and governance aspects such as monitoring of business performance, and risk management are effective, but it also found that there is a necessity to establish a system for newly appointed outside directors that deepens their understanding on subsidiaries of Fuji. In light of this, Fuji will strive to further enhance the effectiveness of the board by providing more specialized training on the products, markets, and more of Fuji Group companies, in addition to the existing training programs.

#### Principle 4.14 Director and Auditor Training

##### Supplementary principle 4.14.2 Training for directors and auditors

Fuji provides opportunities to its newly appointed directors to attend courses held by external organizations on rights and duties in accordance with the relevant laws and regulations. In addition, by utilizing courses held by external organizations as appropriate, Fuji arranges opportunities for its directors to take courses and other means of study for the leadership and management skills required for senior management. Auditors are given study opportunities including courses held by the Japan Audit & Supervisory Board Members Association. Fuji also provides training on products, market trends, and other topics to help outside directors deepen their understanding of Fuji.

#### Principle 5.1 Policy for Constructive Dialogue with Shareholders

Fuji has established a point of contact for dialogue with shareholders, where the representative director, executive officers in charge, and other representatives are actively engaged in dialogue. Fuji strives to achieve constructive dialogue by developing IR activities that emphasize fairness, accuracy, and continuity, and serve good two-way communication regarding business strategies, divisional strategies, financial information, and other matters.

- (1) Explanations of the annual results and the second quarter results are provided by the representative director and executive officers in charge, while explanations of the financial results for the first quarter and the third quarter are given by executive officers in charge. In addition, Fuji communicates with shareholders and investors through various means, such as attending different types of conferences by the representative director and executive officers in charge, and engaging in IR activities for overseas investors.
- (2) Information disclosure is made in a timely, fair, and appropriate manner by the department responsible for overseeing the information gathering, management, and disclosure in cooperation with related departments.
- (3) In order to relay shareholder views in to management, Fuji ensures that important feedback matters are reported to the board when they arise.

(4) In order to prevent leaking of financial results and ensure fairness, a quiet period will be arranged by Fuji to refrain from providing answers to or comments on inquiries related to financial results during this period. In addition, Fuji implements comprehensive information management in accordance with its internal information management regulations and strives to control insider information. (5) Fuji's website is maintained with the intention that information such as business overview and financial information is disclosed in a timely and easy-to-understand manner.

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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### Status of Major Shareholders [Update](#)

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	10,650,700	11.04
Daido Life Insurance Company	4,811,200	4.98
Custody Bank of Japan, Ltd. (Trust account)	4,220,400	4.37
MUFG Bank, Ltd.	3,416,014	3.54
FUJI customers stock ownership	2,930,100	3.03
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	2,821,850	2.92
The Bank of Nagoya, Ltd.	1,554,586	1.61
Mitsubishi UFJ Trust and Banking Corporation	1,483,200	1.53
GOVERNMENT OF NORWAY	1,290,800	1.33
Sumitomo Realty & Development Co., Ltd.	1,200,000	1.24

Controlling Shareholder (except for Parent Company)	---
Parent Company	None

### Supplementary Explanation [Update](#)

Shares held by Fuji as treasury shares (1,377,619 shares) are excluded from the top ten shareholders listed above. The ratio is calculated after deduction of the treasury shares and figures are rounded down to two decimal places.

## 3. Corporate Attributes

Listed Stock Market and Market Section	First Section of the Tokyo Stock Exchange, First Section of Nagoya Stock Exchange
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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## 5. Other Special Circumstances which may have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with kansayaku (Audit & Supervisory Board Member, or auditors)
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#### Directors

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Terms of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson (Except in case of concurrently serving as President)
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors from Outside Directors	3

#### Outside Directors' Relationship with Fuji (1)

Name	Attribute	Relationship with Fuji*												
		a	b	c	d	e	f	g	h	i	j	k		
Nobuko Kawai	Lawyer													
Hideaki Tamada	From other company													
Mizuno Shoji	From other company													

#### \* Categories for "Relationship with Fuji"

\* "○" when the director presently falls or has recently fallen under the category; "△" when the director has fallen under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category; "▲" when a close relative of the director has fallen under the category in the past

- a Executive of Fuji or its subsidiaries
- b Non-executive director or executive of a parent company of Fuji
- c Executive of a fellow subsidiary company of Fuji
- d A party whose major client or supplier is Fuji or an executive thereof
- e Major client or supplier of the listed company or an executive thereof
- f Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from Fuji besides compensation as a director/kansayaku
- g Major shareholder of Fuji (or an executive of the said major shareholder if the shareholder is a legal entity)
- h Executive of a client or supplier company of Fuji (which does not correspond to any of d, e, or f) (the director only)
- i Executive of a company, between which and Fuji outside directors/kansayaku are mutually appointed (the director only)
- j Executive of a company or organization that receives a donation from Fuji (the director only)
- k Others

#### Outside Directors' Relationship with Fuji (2)

Name	Independent director	Supplementary Explanation of the Relationship	Reasons of Appointment
Nobuko Kawai	○	---	Although Ms. Kawai does not have experience in corporate management other than as an outside director, Fuji believes that she will be able to utilize her expertise and experience as a lawyer to be adequately involved in decision making on its management matters and supervision over the execution of its operations.

			Thereby, she has been appointed as an outside director. In addition, as this person satisfies guidelines for independent directors pursuant to the requirements of Tokyo Stock Exchange, Inc. and Fuji, Fuji does not foresee the possibility of conflicts of interest with its general shareholders and therefore designated the person as an independent director.
Hideaki Tamada	O	---	Mr. Tamada has extensive experience in both domestic and global sales in addition to his managerial insight. Fuji appointed this person as an outside director because this person was expected to serve fully in the role of making decisions on Fuji's management matters and overseeing execution of business operations, taking advantage of the person's experience. In addition, as this person satisfies guidelines for independent directors pursuant to the requirements of Tokyo Stock Exchange, Inc. and Fuji, Fuji does not foresee the possibility of conflicts of interest with its general shareholders and therefore designated the person as an independent director.
Mizuno Shoji	O	---	Mr. Mizuno has extensive experience in sales in addition to his managerial insight. Fuji appointed this person as an outside director because this person was expected to serve fully in the role of making decisions on Fuji's management matters and overseeing execution of business operations, taking advantage of the person's experience. In addition, as this person satisfies guidelines for independent directors pursuant to the requirements of Tokyo Stock Exchange, Inc. and Fuji, Fuji does not foresee the possibility of conflicts of interest with its general shareholders and therefore designated the person as an independent director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee

Established

#### Committee Name, Composition, and Attributes of Chairperson

	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Committee Corresponding to Nomination Committee	Nomination and remuneration advisory committee	5	2	2	3	0	0	Inside director
Committee Corresponding to Remuneration Committee	Same as above	5	2	2	3	0	0	Inside director

#### Supplementary Explanation

The nomination and compensation advisory committee was established in April 2021 as an advisory body for the board in order to enhance the fairness, transparency, and objectivity of procedures related to the nomination and remuneration of directors, executive officers, and auditors, and to enhance Fuji's corporate governance. The committee deliberates and reports on the nomination and remuneration of directors, executive officers, and auditors.

## Kansayaku (Audit & Supervisory Board Member, or auditors)

Establishment of Kansayaku Board	Established
Maximum Number of Kansayaku Stipulated in Articles of Incorporation	5
Number of Kansayaku	3

### Cooperation among Kansayaku, Accounting Auditors and Internal Audit Departments

With accounting auditors, in addition to regular debriefing sessions, attendance at onsite auditor visits, and exchange of information orally and in writing, auditors maintain close cooperation and coordination at all times, actively exchange views and information, and mutually share insights into each audit in order to improve the quality of audit operations and make effective improvements.

Fuji has arranged a framework whereby Internal Auditing Department staff provide auditors with assistance for executing their roles and responsibilities upon each request by auditors. The Internal Auditing Department is responsible for auditing the risk management status of each division and reporting results of the audits to the representative director, in addition to providing the results upon auditors upon their for information disclosure.

Appointment of Outside Kansayaku	Appointed
Number of Outside Kansayaku	2
Number of Independent Kansayaku from Outside Kansayaku	2

### Outside Directors' Relationship with Fuji (1)

Name	Attribute	Relationship with Fuji*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Shigeki Matsuda	CPA													
Kayoko Yamashita	CPA													

\* Categories for "Relationship with Fuji"

\* "○" when the director presently falls or has recently fallen under the category; "△" when the director has fallen under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category; "▲" when a close relative of the director has fallen under the category in the past

a Executive of Fuji or its subsidiaries

b Non-executive director or accounting advisor of Fuji or its subsidiaries

c Non-executive director or executive of a parent company of Fuji

d Kansayaku of a parent company of Fuji

e Executive of a fellow subsidiary company of Fuji

f A party whose major client or supplier is Fuji or an executive thereof

g Major client or supplier of the listed company or an executive thereof

h Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from Fuji besides compensation as a director/kansayaku

i Major shareholder of Fuji (or an executive of the said major shareholder if the shareholder is a legal entity)

j Executive of a client or supplier company of Fuji (which does not correspond to any of f, g, or h) (the kansayaku only)

k Executive of a company, between which and Fuji outside directors/kansayaku are mutually appointed (the kansayaku only)

l Executive of a company or organization that receives a donation from Fuji (the kansayaku only)

m Others

### Outside Directors' Relationship with Fuji (2)

Name	Independent director	Supplementary Explanation of the Relationship	Reasons of Appointment
Shigeki Matsuda	○	---	Although Mr. Matsuda does not have experience in corporate management other than as an outside director, Fuji believes that he will be able to utilize his expertise and experience as a certified public accountant and certified public tax accountant to reinforce the auditing system

			of Fuji. Thereby, he has been appointed as an outside auditor. In addition, as this person satisfies guidelines for independent directors pursuant to the requirements of Tokyo Stock Exchange, Inc. and Fuji, Fuji does not foresee the possibility of conflicts of interest with its general shareholders and therefore designated the person as an independent director.
Kayoko Yamashita	O	---	Although Ms. Yamashita does not have experience in corporate management other than as an outside director, Fuji believes that she will be able to utilize her expertise and experience as a certified public accountant and certified public tax accountant to reinforce the auditing system of Fuji. Thereby, she has been appointed as an outside auditor. In addition, as this person satisfies guidelines for independent directors pursuant to the requirements of Tokyo Stock Exchange, Inc. and Fuji, Fuji does not foresee the possibility of conflicts of interest with its general shareholders and therefore designated the person as an independent director.

### Independent Directors/Kansayaku

Number of Independent Directors/Kansayaku	5
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Matters relating to Independent Directors/Kansayaku

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### Incentives

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

The performance-related remuneration system covers all directors other than outside directors, which, taking into account the performance for consolidated operating profit and consolidated ROE in the previous fiscal year, consists of the performance-related remuneration policy (company-wide) that changes the remuneration in a reflection of performance in each fiscal year, and the performance-related remuneration policy (individual) that has remuneration linked to the evaluation of the performance of each director. The performance-related remuneration policy (company-wide) is for remuneration based on produced results and performance of each director. This policy is designed so that the proportion of the remuneration is greater with the greater the responsible roles and duties, and the higher responsible roles and duties are expected for greater results and responsibilities on performance. On the other hand, the performance-related remuneration policy (individuals) is designed to evaluate individual officers for their achievement and contribution attributable to their own performance across company-wide and divisional issues. In addition to the degree of achievement of the tasks set by the officers themselves in consideration of the mid-term business plan, divisional policies, and departmental policies, the representative director evaluates their ability to execute their duties from the perspectives of strategy, operations, and people/organization.

Recipients of Stock Options	
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Supplementary Explanation

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### Director Remuneration

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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The total amount for all directors is disclosed.

During fiscal 2021, the total annual remuneration paid to Fuji's directors amounted to 340 million yen (including 21 million yen for outside directors).

Fuji's director remuneration system determines the final compensation of directors comprising of "fixed remuneration" in proportion to the responsible role and duty of each director and "performance-related remuneration" in view of performance of Fuji as a whole as well as performance of each individual. The payment shall be in form of regular fixed remuneration.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

## Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

### 1. Basic policy

Along with the basic policy that remuneration for the directors shall be linked to the shareholders' interests so that it can work well as an incentive for the sustainable enhancement of corporate values, and for determining the remuneration of individual directors, an appropriate level based on the responsibilities of each position shall be applied, "fixed remuneration" for each position as well as the "performance-linked remuneration" based on the individual performance and that of Fuji are paid.

The resolution of "Determination of Remuneration for the Granting of Transfer-Restricted Shares to Board Members (excluding Outside Board Members)" has been adopted at the 75th Ordinary General Meeting of Shareholders held on June 29, 2021, a part of fixed remuneration shall be paid in the form of the restricted share awards.

For outside directors, in consideration of their duties, only fixed remuneration shall be paid, and the performance-linked remuneration and restricted share awards shall not be granted.

### 2. Policy on determination of the amounts of fixed remuneration, performance-linked remuneration, and restricted share awards or the number of allotted shares for each director

Fixed remuneration for directors shall be comprehensively determined, taking into account the position, responsibilities, years of service, Fuji's business performance, and the level of employees' salaries. The performance-linked remuneration for directors consists of "performance-linked remuneration (company-wide)" and "performance-linked remuneration (individual)." The performance-linked remuneration (company-wide) is remuneration according to the business performance in consideration of the previous year's results of "consolidated operating profit" and "consolidated ROE" that Fuji emphasizes as management indicators. The performance-linked remuneration (individual) is based on an evaluation of the individual performance of each director.

Since the resolution of "Determination of Remuneration for the Granting of Transfer-Restricted Shares to Board Members (excluding Outside Board Members)" has been adopted at the 75th Ordinary General Meeting of Shareholders to held on June 29, 2021, a part of annual remuneration shall be paid in the form of the "restricted share awards" up to ¥90 million, equivalent to 20% of ¥450 million, an annual amount of remuneration for directors approved at the 62nd Ordinary General Meeting of Shareholders (held on June 27, 2008). The outline of the restricted share awards is as follows:

- Maximum amount of restricted share awards: Total amount ¥90 million (per year)
- Maximum number of shares to be granted 50,000 shares (per year)
- Timing of initiating the grant: July 2021 or after
- Period of restriction on transfer: Until the date of resignation

The restricted stock awards is a form of compensation that aims to provide an incentive to the directors for the sustainable enhancement of corporate values from a midterm to longterm perspective and to promote an enhanced level of value-sharing with our shareholders.

From fiscal year 2022, the board determines the amounts of fixed remuneration, performance-linked remuneration and restricted share awards as well as the number of shares to be allotted, within the scope of the total amount of remuneration approved at the general shareholders meetings, based on the details of the reports at the advisory committee, as a voluntary advisory body for the board newly established in April 2021. The fixed remuneration and the performance-linked remuneration are paid every month, and the restricted share awards is granted at a certain time every year. The board will determine the remuneration ratio for the directors by type, based on the details of the reports at the advisory committee.

### 3. Matters pertaining to the resolution adopted at the general shareholders meeting on the remuneration and such for directors

The annual amount of monetary remuneration for directors is within ¥450 million, pursuant to the resolution adopted at the 62nd Ordinary General Meeting of Shareholders held on June 27, 2008.

## Supporting System for Outside Directors and/or Kansayaku

Directors and employees shall report the status of the execution of Fuji's business in response to requests from outside auditors. In addition, the outside auditors hold regular meetings with the representative director to exchange views on important auditing issues.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

Not only in regular monthly board meetings, but also in extraordinary board meetings which are held as necessary, the board makes decisions on the matters stipulated by laws and regulations as well as other important administrative matters, and oversee the execution of business operations.

In order to separate the decision making process for the management and the execution function for the business, thereby enhancing the speed for the management and to clarify responsibilities, Fuji introduced the executive officer system which in addition to delegating authorities to executive officers, makes them responsible for execution of business operations. They report on the execution of business and determine policies in regular and extraordinary general meetings.

Every year in the execution of business activities, Fuji establishes the business policies and annual (interim) earnings plans to clarify business goals and manage how to achieve the goals set for each department.

Subsidiary-inclusive operation executive board meetings are also held periodically to check the financial conditions of each group member and strengthen corporate governance.

Auditors attend board meetings, hold Audit and Supervisory Board meetings monthly and when otherwise required, they audit the legality of corporate management and the performance of duties by directors. In addition, with accounting auditors, in addition to regular debriefing sessions, attendance at onsite auditor visits, and exchange of information orally and in writing, auditors maintain close solidarity and coordination at all times, actively exchange views and information, and share the insight into each audit mutually in order to improve the quality of audit operations and make effective improvements.

As for accounting audits, Fuji has concluded an audit contract with KPMG AZSA LLC and has received accounting audits based on the Japanese Companies Act and the Financial Instruments and Exchange Act. Fuji has established an environment in which audits are conducted from a fair and unbiased standpoint as an independent third party by the auditing firm. The names of the certified public accountants who conducted accounting audit and the assistants who were engaged in the audit work for fiscal 2021 are as follows.

Name of certified public accountants who conducted audit work (the number of continuous years of carrying out audits)

Designated limited liability partner and engagement partner: Noriko Shinke (2 years)

Designated limited liability partner and engagement partner: Masahide Kinbara (1 year)

Composition of those assisting with auditing work

6 certified public accountants and 20 others

### **3. Reasons for Adoption of Current Corporate Governance System**

Fuji is striving to establish an efficient corporate management system by having a small number of directors to make decisions promptly and engage the board with active deliberations, and by introducing an executive officer system to boost the speed of corporate management and clarify responsibilities. Fuji is also working to develop a framework to enhance the fairness and transparency of corporate management through the holding of internal control council meetings and the operation of the risk and compliance committee. Outside directors provide advice and recommendations at board meetings from their respective experiences and professional perspectives.

The Audit & Supervisory Board, which is structured to include outside auditors, is working to enhance and strengthen the corporate audit system and strengthen the functional monitoring of corporate management.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Shareholder Meeting	Announcements are arranged for delivery at least three weeks before the general shareholders meeting.
Allowing Electronic Exercise of Voting Rights	In addition to exercising voting rights in writing, it is also possible to exercise voting rights via the Internet.
Providing Convocation Notice in English	An English translation of the convocation notice has been submitted to the listed stock exchanges. This is also available on Fuji's website.
Others	The Japanese original and the English translation of the convocation notice are posted on Fuji's website from before the date of dispatch of the convocation notice.

#### 2. IR Activities

	Supplementary Explanation	Delivery of Explanations by the Representative
Regular Investor Briefings for Individual Investors	In previous years, Fuji has held investor briefings for individual investors. In fiscal 2021, participating in an IR event for individual investors was scheduled in September, but the event was canceled.	Not established
Regular Investor Briefings for Analysts and Institutional Investors	In previous years, Fuji held regular financial results briefings at four times a year after the annual earnings release, and after first, second, and third quarter earnings releases. Explanations of the annual results briefings and the second quarter results briefings are provided by the representative director, while explanations of the financial results for the first quarter and the third quarter are given by executive officers in charge. In fiscal 2021, the videos of our earnings presentation were posted on the website after the annual and second quarter earnings releases of Fuji.	Established
Regular Investor Briefings for Overseas Investors	In previous years, Fuji visited overseas institutional investors to explain the overall business conditions. In addition, Fuji participates in conferences for overseas investors held in Japan (including teleconferences) and engages in dialogue with overseas investors.	Not established
Posting of IR Materials on Website	Mid-term business plans, quarterly earnings reports, securities reports, presentation materials for financial results briefings, etc. are posted. <a href="https://www.fuji.co.jp/ir/">https://www.fuji.co.jp/ir/</a>	
Establishment of Department and/or Manager in Charge of IR	IR responsible department: Business Administration Department	

#### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Fuji has established a code of conduct, which expresses that Fuji shall respect the position of its stakeholders and conduct corporate activities to meet their expectations and trust.
Implementation of Environmental Activities, CSR Activities etc.	In accordance with the environmental management system based on ISO 14001, Fuji has established a basic environmental policy and guidelines for action and are developing corporate activities that conform to them. Fuji's initiatives on environment, society, and SDGs are available on the website ( <a href="https://www.fuji.co.jp/en/sustainability/">https://www.fuji.co.jp/en/sustainability/</a> ).
Development of Policies on	Fuji regularly conducts IR activities for institutional investors and others, and strives to



## **IV. Matters Related to the Internal Control System**

### **1. Basic Views on Internal Control System and the Progress of System Development**

(Basic views)

Fuji believes that in order to live up to the expectations of shareholders, customers, clients, as well as employees and to strive to create a higher corporate value, it is important to establish systems for ensuring the effectiveness and efficiency of operations, confidence in financial reporting, assurance of compliance, and protection of assets, while also improving the quality of corporate management. To this end, Fuji has established a code of conduct in which directors take initiatives to set the standards themselves and to familiarize employees with them, and has also established the internal control systems as follows.

(Establishment of internal control system)

1. Systems to ensure that the execution of duties by directors and employees complies with relevant laws and regulations and the Articles of Incorporation

(1) To achieve the objectives of control; ensuring the effectiveness and efficiency of operations, confidence in financial reporting, assurance of compliance, and protection of assets, Fuji has established a code of conduct and directors shall take initiatives thereof for familiarizing employees with the content therein.

(2) Fuji shall establish the risk and compliance committee, with the representative director as the chairman, as a general organization to promote compliance throughout Fuji.

(3) Fuji shall establish an internal control council, wherein the representative director serves as the chairman, for the purpose of overseeing the establishment, construction, operation, and evaluation of the internal control system related to financial reporting.

(4) The Internal Auditing Department shall audit the execution of business by each department in an appropriate and reasonable manner in accordance with laws, regulations, the Articles of Incorporation and internal rules and regulations, and report the results to the Representative Director.

(5) Fuji shall establish a point of contact for whistleblowing with respect to compliance violations in the performance of duties by directors and employees.

2. System related to the saving and managing information in respect with performing duties by directors

Based on the document control procedure, information in respect to performing duties by directors shall be recorded and saved in print or in electronic media, and managed in a manner wherein the information is always accessible for directors and auditors.

3. Procedures and other systems related to managing the risk of loss

(1) Through the establishment of the risk and compliance committee, Fuji supports the preparation of risk management systems in each division and promotes the preparation of cross-departmental risk management systems from a company-wide perspective.

(2) Each department shall, in accordance with the basic rules and regulations for risk management, organizationally and systematically arrange risks that may impede the execution of managerial activities, and prevent their occurrence and minimize damage when they occur.

(3) Internal Auditing Department is responsible for auditing the risk management status of each division and reporting the results of the audits to the representative director.

(4) With regard to environmental, health and safety risks related to corporate social responsibility, Fuji shall establish an environmental management committee and a health and safety committee to manage such risks.

4. System to ensure the efficient execution of duties by directors

(1) In order to enhance the speed for the management and to clarify responsibility, and to keep the decision making process for the management and the execution function for businesses separate, the Executive Officer system has been introduced, wherein executive officers are delegated by the representative director and fulfill their duties and responsibilities for business operation.

(2) With respect to the execution of duties by directors, the scope of their roles and responsibilities and the procedures for the execution of their duties shall be determined in accordance with the regulations concerning the organization, authority and division of duties.

(3) In the execution of business activities, Fuji establishes the business policies for the fiscal year and annual (interim) earnings plans to clarify business goals and manage how to achieve the goals set for each department.

5. System to ensure the appropriateness of the business operations of this corporate group

(1) Subsidiary-inclusive operation executive board meetings are held periodically to confirm appropriate implementation of management and business activities by subsidiary corporations.

(2) Internal Auditing Department shall audit the performance of duties by the subsidiaries as well as the subsidiary-inclusive compliance system and risk management system to ensure its appropriate operation, and shall report the results to the representative director.

6. Particulars related to employees appointed to assist with the duties of auditors and the independence of the employees

(1) There will not be particular appointment of employees shall be appointed to assist with duties of auditors. However, if requested by an auditor, the representative director shall assign staff from Internal Auditing Department on a case-by-case basis.

(2) Employees assisting auditors shall not be subject to the direction and orders of directors, and the consent of auditors shall be obtained for their personnel transfers and evaluations.

7. System for the directors and the employees to report to the auditor, other systems related to reporting to the auditor, and other systems for ensuring that audits by auditors are performed effectively

(1) Directors and employees shall report the status of the execution of Fuji's business to auditors upon their request. In addition, if a director discovers a fact that may cause significant damage to Fuji, they shall immediately report it to the auditor board.

(2) The auditors shall hold regular meetings with the representative director to exchange views on important auditing issues.

(3) With accounting auditors, in addition to regular debriefing sessions, attendance at onsite auditor visits, and exchange of information orally and in writing, auditors shall maintain close cooperation and coordination at all times, actively exchange views and information, and share the insight into each audit mutually in order to improve the quality of audit operations and make effective improvements.

(4) Director and employees shall report a violation of compliance promptly to auditors.

### **2. Basic Views on Eliminating Anti-Social Forces**

- Fuji has established in its corporate code of conduct that Fuji has no relationships with antisocial forces that pose a threat and adverse impact to the order and security of civil society and corporate activities.

- Fuji has set up a department that is responsible for eliminating antisocial forces and shall engage itself in making improvements to respond to related matters by collecting and managing information concerning antisocial forces and communicating the information to officers and employees, in cooperation with outside professional organizations such as the police and other relevant authorities.

## 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

None

### Supplementary Explanation

We are not planning on adopting particular anti-takeover measures.

## 2. Other Matters Concerning to Corporate Governance System

### Timely Disclosure System Overview

Fuji's internal system for the timely disclosure of corporate information is as follows.

In order to implement the timely and appropriate disclosure of important corporate information, Fuji recognizes the importance of corporate transparency and information disclosure throughout the company. Fuji strives for prompt information management and control at the time when any event concerning important corporate information arises, to fulfill Fuji's social responsibility, makes timely and appropriate disclosure based on sound management judgment.

#### 1. Corporate information disclosure

##### (1) Personnel responsible for information disclosure

In accordance with the "Securities Listing Regulations" of the stock exchange on which Fuji is listed, at least one public relations manager has been selected and it is their role to disclose corporate information to make disclosures in a timely and appropriate manner under strict control.

##### (2) Information disclosure methods

Information disclosures that fall under the "Securities Listing Regulations" will be disclosed in TDnet (Timely Disclosure network) after prior explanation to the listed stock exchange in accordance with these regulations. The disclosed information will also be posted on Fuji's website after registration into TDnet.

#### 2. Management system relating to important corporate information

##### (1) Internal information management

Fuji has established the internal information management regulations for the purpose of managing important corporate information, and to ensure that its officers and employees comply with the regulations to manage internal information in a timely and appropriate manner.

##### (2) Management system relating to timely and appropriate disclosure of important corporate information

With regard to important corporate information, Fuji shall establish a system whereby the public relations manager and related parties discuss the necessity of disclosure without delay and the information selected for disclosure thereof is disclosed with the consent of the board, in a timely and appropriate manner, led by the manager. In addition, a system has been established whereby the public relations manager at the time of occurrence discusses the event that has arisen with the representative director and the public relations manager takes the lead in disclosing the associated information within a timely and appropriate manner.

##### (3) Disclosure process

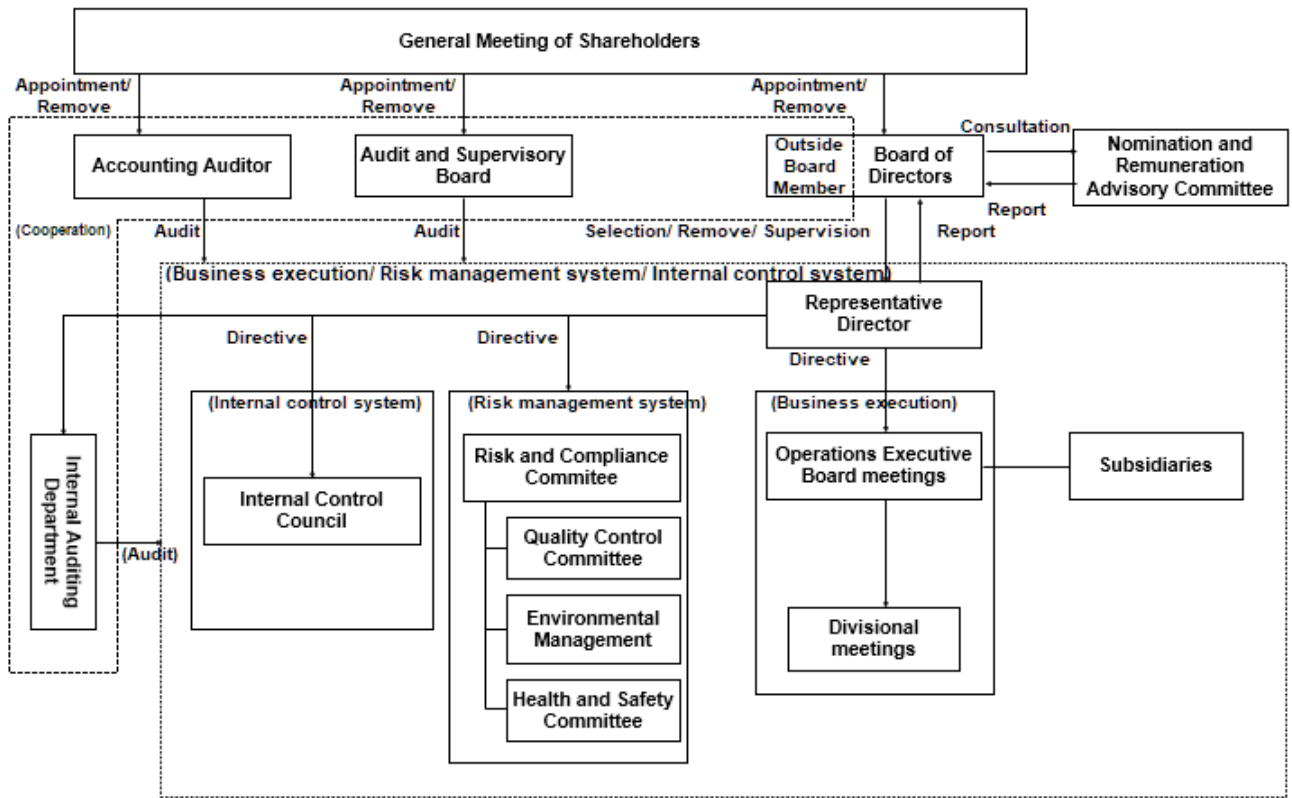
Important corporate information that is selected for disclosure is processed for disclosure in a timely and appropriate manner in accordance with the "Securities Listing Regulations".

Note that Fuji makes prior explanation for counseling to listed stock exchanges and other authorities for matters that are difficult or unclear to determine the necessity of disclosure.

#### 3. Acquiring knowledge relating to timely and appropriate disclosure of important corporate information

Fuji provides education in regard to timely and appropriate disclosure with reference to the timely disclosure guidebook from the stock exchange on which Fuji is listed.

Corporate Governance Framework



## Information Management and Disclosure Framework

